

# Capital Improvements Program

## Funding Sources

The Capital Improvements Program (CIP) uses a variety of funding sources to support projects. This section outlines some of the more common funding sources used in the CIP.

### Bond Financing

Bond financing is a long-term borrowing tool used to meet the City's cash flow needs and to provide funds for capital projects. In Fiscal Years 2009, 2012, and 2013, the City Council approved financing to provide funding for ongoing and deferred capital projects throughout the City. The list of deferred capital projects includes improvements to City streets, buildings, and storm drains.

### Capital Outlay

Capital Outlay Funds are used exclusively for the acquisition, construction, and completion of permanent public improvements or real property; replacement or reconstruction of public facilities; and other improvements of a permanent character. Repair or maintenance expenditures cannot be made from the Capital Outlay Funds. Revenue for the Capital Outlay Fund is derived primarily from the sale of City-owned property but may also come from other sources per Section 77 of the San Diego City Charter. In addition, San Diego City Ordinance No. 12685 (New Series) further specifies that all proceeds from sales or leases of the Pueblo Lands of San Diego be utilized to finance police substations and other permanent improvements for police purposes.

### Development Impact Fees

Development Impact Fees (DIF) are collected to mitigate the impact of new development in urbanized communities that are near build-out. The amount of DIF is based on a portion of the financing needed for identified public facilities. Property being developed is assessed the fee(s) at the time the building permit is issued.

### Donations and Developer Funding

Projects may be funded by contributions and/or donations from private sources, such as residents, developers, private organizations, and businesses. Contributions by developers and vendors may be reimbursed with City funds in future years.

### Enterprise Funds

Enterprise Funds account for specific services that are funded directly by fees and charges to users. These include the services provided by Public Utilities, Environmental Services, Airports, and Golf Courses. These funds are intended to be fully self-supporting and are not typically subsidized by any general revenue or taxes. Within each Enterprise Fund, budgets are developed which are sufficient to fund current year operations and maintenance expenses, as well as provide for current and future years' upgrade, replacement, and expansion-related capital construction requirements.

### Facilities Benefit Assessments

Facilities Benefit Assessments (FBA) provide 100 percent of funding for public facilities projects that service a designated area of benefit and are identified in the public facilities financing plan. The dollar amount of the assessment is based upon the cost of each public facility equitably distributed over a designated area of benefit in the community planning area. Assessments are recorded as liens with the County Assessor's Office. Property being developed is assessed at the time the building permit is issued. The amount of the assessment is determined by the type and size of the development.

# **Capital Improvements Program**

## **Funding Sources**

### **General Fund**

The General Fund is the City's main operating fund that pays for basic City services that use most of the City's tax revenue, such as public safety, parks, and library services. The General Fund is also supported by fees from licenses and permits, fines, and investment earnings. Some allocations to the CIP budget are allocated from the operating budget of General Fund departments.

### **Grants**

Some projects are entirely or partially funded by grants and reimbursements from the State and federal government and other agencies. The receipts of certain grants and reimbursements typically follow the award of contracts; therefore, other City funding is programmed for front-end financing of the total estimated project costs. Grant funding includes State and federal grants and grants from proceeds from State bond issuances. For example, Community Development Block Grant (CDBG) funding is programmed in accordance with Council Policy 700-2 (amended November 24, 2009). CIP priorities are developed irrespective of whether or not CDBG funding is to be received by the City. CDBG funding is to be used to supplement the City's CIP program and not as a substitute for other City funding.

### **Internal Service Funds**

Internal Service Funds are established for the financing of goods or services provided by one City department to another City department on a cost-reimbursement basis. Examples of Internal Service Funds used in the CIP budget are the Energy Conservation Program Fund and the Fleet Services Internal Service Fund.

### **Maintenance Assessment Districts**

Maintenance Assessment Districts (MADs) are established by the City of San Diego as a means of providing property owners with the opportunity to assess themselves to pay for enhanced improvements, maintenance, services, and activities. Certain projects requested by a district may be capital in nature and are funded by the specific MAD. MAD budgets are developed with sufficient funding for current year maintenance and capital projects.

### **Mission Bay and Regional Park Improvements Funds**

Mission Bay rents and concessions revenue is allocated to the Mission Bay and Regional Park Improvements Funds in accordance with the San Diego City Charter, Article V, Section 55.2. The funds in the Mission Bay Improvements Fund may only be expended in Mission Bay Park for permanent or deferred capital improvements of existing facilities, as well as to improve environmental conditions consistent with the Mission Bay Park Master Plan. The funds in the Regional Parks Improvements Fund may only be expended for permanent or deferred capital improvements in San Diego's regional parks. The City of San Diego's regional parks include Chollas Lake Park, Balboa Park, Mission Trails Regional Park, Otay River Valley Park, Presidio Park, San Diego River Park, open space parks, and coastal beaches and parks.

### **Park Service District Funds**

Park Service District Funds were established by the City of San Diego for park and recreation purposes. Proceeds from these funds are to be used for park and recreational facilities within the district areas from which the funds were collected. Funds may be used for the purchase of land and construction of facilities; purchase of previously constructed facilities; rehabilitation of existing park facilities or purchase of new equipment when such rehabilitation or purchase allows for expanded uses; and to reimburse those who have donated land or constructed improvements. Park Service District Funds no longer collect revenues and have been replaced by Facilities Benefit Assessments and Development Impact Fees which now include a park component.

# Capital Improvements Program

## Funding Sources

### Special Revenue Funds

Special Revenue Funds account for revenue received for specifically identified purposes. Examples of Special Revenue Funds used in the CIP budget are the Environmental Growth, Fire/Emergency Medical Services Transport, QUALCOMM Stadium, and OneSD/ERP funds.

### TransNet Funds

TransNet, a one-half cent local sales tax, is used for traffic congestion relief and transportation improvements. In addition to roadway enhancements, TransNet Funds are utilized for bikeway and pedestrian projects. TransNet includes a Maintenance of Effort (MOE) provision to guarantee that the City spends a certain amount of discretionary funds on the maintenance and improvement of the public right-of-way. The City utilizes TransNet cash for projects as much as possible in an attempt to minimize the issuance of bonds due to added costs of debt service. TransNet Commercial Paper is a borrowing tool that can be used to raise cash needed to cover cash-flow deficits and is generally viewed as a lower-cost alternative to bank loans. In an attempt to further minimize debt service costs, the issuance of TransNet Commercial Paper may be utilized when feasible.

### Utilities Undergrounding Program Fund

This fund provides for the undergrounding of City utilities. San Diego Gas & Electric (SDG&E), AT&T, and the cable companies all contribute funds for the purpose of undergrounding overhead facilities. This amount is deposited with the City to be used solely for the undergrounding of electrical lines and associated activities.

A complete list of funding sources in the CIP and their budgets are provided below in **Table 1**.

**Table 1: Capital Improvements Program by Funding Source**

Funding Source	Prior Fiscal Years	FY2014 Proposed	Future Fiscal Years	Funding Source Total
Airport Funds	\$ 10,643,187	\$ -	\$ 15,840,140	\$ 26,483,327
Bond Financing	2,451,000	-	35,000,000	37,451,000
Capital Outlay - Land Sales	32,215,972	-	-	32,215,972
Capital Outlay - Other	4,775,199	-	-	4,775,199
Capital Outlay - Police Decentralization Land Sales	1,822,864	-	-	1,822,864
Deferred Capital Projects Bonds	178,279,534	-	419,400,000	597,679,534
Developer Funding	5,302,922	952,749	8,196,470	14,452,141
Development Impact Fees	62,957,632	7,560,675	-	70,518,307
Donations	77,211,345	-	14,733,883	91,945,228
Energy Conservation Program Fund	2,983,085	-	200,000	3,183,085
Energy Upgrades CEC Loan Fund	4,086,966	-	-	4,086,966
Environmental Growth Funds	3,629,107	126,885	275,000	4,030,992
Facilities Benefit Assessments	350,006,545	7,774,824	223,555,165	581,336,534
Federal Grants	82,761,323	-	106,606,000	189,367,323
Fiesta Island Sludge Mitigation Fund	677,832	-	-	677,832
Fire/Emergency Medical Services Transport Fund	400,000	-	-	400,000
Fleet Services Internal Service Fund	1,025,000	-	-	1,025,000
Gas Tax Fund	13,091,163	-	-	13,091,163
General Fund	49,965,479	400,000	38,237,558	88,603,037
Golf Course Enterprise Fund	10,337,565	4,055,000	12,000,000	26,392,565

# Capital Improvements Program

## Funding Sources

**Table 1: Capital Improvements Program by Funding Source**

Funding Source	Prior Fiscal Years	FY2014 Proposed	Future Fiscal Years	Funding Source Total
Habitat Acquisition Fund	4,064,205	-	-	4,064,205
Infrastructure Improvement Funds	629,663	-	-	629,663
Library System Improvement Fund	15,927,728	-	-	15,927,728
Maintenance Assessment Districts	7,420,278	1,324,919	935,000	9,680,197
Mission Bay Improvements Fund	3,340,966	3,114,678	23,982,550	30,438,194
Mission Trails Regional Park Fund	1,052,829	-	-	1,052,829
OneSD/ERP Funding	1,100,000	-	-	1,100,000
Other Funding	512,169,989	-	-	512,169,989
Other Grants	19,790,978	-	57,300,000	77,090,978
Park District Funds	2,981,987	156,300	(345,076)	2,793,211
Proposition 42 - Transportation Relief Fund	5,175,866	-	-	5,175,866
QUALCOMM Stadium Fund	1,500,000	750,000	3,750,000	6,000,000
Recycling Fund	6,011	-	-	6,011
Redevelopment Funding	35,531,708	-	-	35,531,708
Refuse Disposal Fund	82,013,603	605,000	1,870,000	84,488,603
Regional Park Improvements Fund	13,900,847	2,500,000	13,800,000	30,200,847
San Diego Association of Governments	39,510,877	-	-	39,510,877
San Diego Unified School District	20,206,000	-	-	20,206,000
Sea World Traffic Mitigation Fund	4,000,000	-	-	4,000,000
Sewer Funds	522,929,864	69,889,727	426,476,114	1,019,295,705
State Grants	124,133,598	-	13,445,720	137,579,318
Storm Drain Fund	556,500	-	-	556,500
TransNet - Extension Bikeways	4,722,670	-	-	4,722,670
TransNet Funds	148,970,868	22,572,244	52,533,039	224,076,151
Unidentified Funding	-	-	997,368,930	997,368,930
Utilities Undergrounding Program Fund	95,294,330	-	-	95,294,330
Water Fund	441,166,039	49,836,598	616,470,015	1,107,472,652
<b>Total</b>	<b>\$ 3,002,721,125</b>	<b>\$ 171,619,599</b>	<b>\$ 3,081,630,508</b>	<b>\$ 6,255,971,232</b>

# Capital Improvements Program

## Funding Sources

### Unidentified Funding

Some projects may lack sufficient identified funding to complete the project. These projects display an “unidentified funding” amount in the project pages. Each project with an unidentified amount is summarized in each department's Unfunded Needs List. A complete list of all projects with unidentified funding is provided below in **Table 2**.

**Table 2: Capital Improvement Projects Unfunded Needs**

Project	Page No.	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Windwood II Mini Park Play Area Upgrades / <b>S11017</b>	356	90	High	\$ 5,225	0.9%
Children's Pool Lifeguard Station / <b>S00644</b>	137	93	High	50,000	1.3%
69th & Mohawk Pump Station / <b>S12011</b>	382	96	High	430,000	3.4%
West Mission Bay Drive Bridge Over San Diego River / <b>S00871</b>	730	70	High	8,000,000	6.7%
Genesee Avenue - Widen Interstate 5 Crossing / <b>S00839</b>	603	44	Medium	7,700,000	8.1%
La Jolla Cove Lifeguard Station / <b>S00792</b>	152	93	High	250,000	11.9%
Linda Vista Rd at Genesee Intersection Improvement / <b>S00907</b>	632	52	Medium	160,188	15.7%
Mountain View Neighborhood Park Area Upgrades / <b>S11019</b>	286	83	High	180,414	17.6%
Carmel Valley Neighborhood Park #8 / <b>S00642</b>	224	55	Medium	1,179,350	19.2%
Cabrillo Heights Neighborhood Park Improvements / <b>S00763</b>	214	62	Medium	165,000	19.6%
Old Otay Mesa Road- Westerly / <b>S00870</b>	658	66	High	2,000,000	24.2%
Webster Neighborhood Identification Sign / <b>S14005</b>	350	21	Low	15,000	27.3%
Resurfacing of City Streets / <b>AID00005</b>	677	Annual	Annual	156,106,910	30.6%
University Village Park Tot Lot / <b>S13005</b>	346	17	Low	150,000	33.3%
City Facilities Improvements / <b>ABT00001</b>	489	Annual	Annual	57,644,371	34.2%
Drainage Projects / <b>ACA00001</b>	586	Annual	Annual	87,100,719	35.4%
Cowles Mountain Access Road Rehabilitation / <b>S14001</b>	234	48	Medium	15,000	37.5%
Environmental Services Operations Yard Improvement / <b>AFA00003</b>	118	Annual	Annual	225,000	38.9%
Tierrasanta Community Park Sports Field Lighting / <b>S11011</b>	335	91	High	400,000	39.8%
Riviera Del Sol Neighborhood Park / <b>S00999</b>	315	73	High	2,600,000	42.3%
Hidden Trails Neighborhood Park / <b>S00995</b>	258	16	Low	2,288,289	48.6%
Silver Wing Neighborhood Park Sports Fld & Sec Lgt / <b>S11051</b>	322	74	High	600,000	50.0%
Sefton Field Improvements / <b>S01012</b>	321	27	Low	500,000	50.0%
San Ysidro Branch Library / <b>S00802</b>	182	62	Low	6,185,000	50.8%
El Cajon Boulevard Streetscape Improvements / <b>S00826</b>	248	46	Medium	1,269,800	51.8%
Police Range Refurbishment / <b>S10118</b>	369	N/A	N/A	2,223,870	55.0%
Otay Mesa Truck Route Phase 4 / <b>S11060</b>	659	43	Medium	9,350,000	55.5%
North Ocean Beach Gateway Phase II / <b>S12041</b>	291	35	Low	201,000	57.3%
Del Mar Mesa Southern Multi-Use Trail / <b>S00889</b>	243	19	Low	150,000	57.6%
California Tower Seismic Retrofit / <b>L12003</b>	215	N/A	N/A	1,500,000	59.4%
State Route 56 Bike Interchanges / <b>S00955</b>	703	90	High	6,822,940	60.1%
El Camino Real - Half Mile to Via De La Valle / <b>S00856</b>	588	53	Medium	19,941,511	61.2%
State Route 163/Friars Road / <b>S00851</b>	702	61	High	77,086,159	62.9%
Switzer Canyon Bridge Enhancement Prog / <b>S10054</b>	328	38	Low	175,000	63.6%
Valencia Park Acquisition and Development / <b>S11103</b>	347	N/A	N/A	450,000	65.9%
34th Street Storm Drain / <b>S11001</b>	522	48	High	155,000	67.4%

# Capital Improvements Program

## Funding Sources

**Table 2: Capital Improvement Projects Unfunded Needs**

Project	Page No.	Priority Score	Priority Category	Unidentified Funding	Percent Unfunded
Interstate 5 Underpass - Bikeway/Ped Connector / <b>S00982</b>	619	66	High	1,116,010	67.6%
University Avenue Sidewalk from 54th to 68th / <b>S00910</b>	722	39	Low	1,750,000	71.4%
Chicano Park ADA Upgrades / <b>S13003</b>	227	57	Medium	1,791,697	71.6%
Coastal Erosion and Access / <b>AGF00006</b>	232	Annual	Annual	2,400,000	72.4%
Sunset Cliffs Natural Pk Hillside Imp Preservation / <b>S10091</b>	327	58	Medium	2,900,000	72.6%
Wightman Street Neighborhood Park / <b>S00767</b>	355	49	Medium	2,363,000	77.5%
Fund for the SR 56 expansion fr 4 to 6 lanes / <b>RD14000</b>	602	N/A	N/A	119,000,000	78.3%
Mission Bay Athletic Area Comfort Stn Modernize / <b>S10021</b>	272	68	Medium	820,000	79.7%
Multiple Species Conservation / <b>S01076</b>	287	N/A	N/A	17,039,472	80.6%
Torrey Pines Improvements Phase I / <b>S00613</b>	713	58	High	13,000,000	81.8%
Fire Station No. 22 - Point Loma / <b>S00787</b>	145	81	Medium	4,679,839	83.0%
Mission Hills-Hillcrest Branch Library / <b>S13022</b>	174	62	Low	14,054,500	86.2%
Pacific Beach Obstructed Curb Ramp Barrier Removal / <b>S11048</b>	660	62	High	320,000	86.5%
Chollas Community Park / <b>S00654</b>	228	49	Medium	26,343,967	87.3%
Sea World Drive/Interstate 5 Interchange Imp / <b>S00888</b>	691	74	High	105,438,300	87.7%
Sorrento Valley Road & Interstate 5 Interchange / <b>S00914</b>	697	50	Medium	47,000,000	88.6%
Skyline-Paradise Hills / <b>S00687</b>	159	81	Medium	8,162,149	89.2%
McKinley Elementary School Joint Use Improvements / <b>S12001</b>	268	61	Medium	1,523,000	89.5%
Fire Station No. 05 - Hillcrest / <b>S00788</b>	140	80	Medium	8,128,077	90.1%
Balboa Branch Library / <b>S00808</b>	169	62	Low	6,955,093	90.3%
Alvarado Canyon Road Realignment / <b>S00894</b>	532	59	High	5,140,000	90.7%
Coastal Rail Trail / <b>S00951</b>	570	72	High	19,925,629	91.0%
Street Light Circuit Upgrades / <b>AIH00002</b>	707	Annual	Annual	33,347,000	91.0%
North Pacific Beach Lifeguard Station / <b>S10119</b>	155	83	High	6,185,444	91.5%
Fire Station No. 01 - Downtown / <b>S00786</b>	139	N/A	N/A	5,800,000	91.8%
San Carlos Branch Library / <b>S00800</b>	180	N/A	N/A	8,526,582	91.9%
South Mission Beach Lifeguard Station / <b>S00791</b>	160	81	Medium	4,230,064	92.0%
Fire Station No. 17 - Mid-City / <b>S00783</b>	144	80	Medium	11,186,376	93.5%
Sixth Avenue Playground Improvements / <b>S00616</b>	323	65	Medium	1,880,000	94.0%
Torrey Pines City Park General Development Plan / <b>S01015</b>	342	N/A	N/A	9,800,000	94.2%
Fire Station No. 54 - Paradise Hills / <b>S00785</b>	151	81	Medium	2,211,065	96.3%
Scripps Miramar Ranch Library / <b>S00811</b>	183	59	Low	1,090,400	96.8%
Ocean Beach Branch Library / <b>S00806</b>	176	62	Low	7,864,860	98.2%
Beyer Park Development / <b>S00752</b>	211	12	Low	13,000,000	98.4%
Kumeyaay Lakes Berm Restoration and Dredging / <b>S00655</b>	263	27	Low	9,840,000	98.4%
Rancho Bernardo Library / <b>S00812</b>	179	62	Low	3,467,682	98.9%
Kensington/Normal Heights Library / <b>S00795</b>	170	49	Low	2,396,530	99.0%
Paradise Hills Library / <b>S00810</b>	178	62	Low	8,866,448	99.2%
Ocean Beach Lifeguard Station / <b>S10121</b>	157	79	Medium	4,550,000	99.8%
<b>Total</b>				<b>\$ 997,368,930</b>	